



Indiana

INVESTIGATORS

In this issue:

Summary of January meeting

Roster of Participants

FSSA and their new audit software, ACL

IG Report on Protocol for Investigations

A Publication by:
The Office of Inspector General
150 West Market Street, Room 414
Indianapolis, IN 46204
317.232.3850

From the Inspector General

Dear Indiana,

We write today on behalf of the many Indiana Investigators who have started a new project. Following our inaugural Integrity Summit on December 2, 2005, many state investigators expressed a desire to continue meetings to share ideas on how to strengthen the integrity of state government.

In a subsequent meeting on January 19, 2006, over 30 investigators from multiple state agencies met again. Presentations were made by various groups, and it was agreed that there is a collective desire to continue these gatherings. We welcome investigators and directors from all agencies at these meetings.

It is from this environment that this publication results. Like our initial meetings, it is an experiment to report our plans to strengthen our efforts. Its purpose is also an attempt to educate and deter criminal and ethics violations at the front end and in a preventative manner, rather than relying on our investigations after the offenses have already been committed. We believe that not only will this be more accommodating to our fellow state employees and the public, but that this method will also be more effective.

David Thomas
Inspector General

MEETING SUMMARY

January 19, 2006

2006 Future Meetings

Thursday, March 23, 2006, 9:00am, Conf. Rm. 17
Investigator Meeting

Thursday, June 22, 2006, 9:00am, Conf. Rm. 22
Investigator Meeting

Thursday, September 21, 2006, 9:00am, Conf. Rm. 17
Investigator Meeting

Thursday, December 7, 2006, 9:00am, Conf. Rm. 22
Winter Summit

Other Dates of Interest:

Indiana Prosecuting Attorneys Seminar, July 5, 2006

Indiana Homicide & Violent Crimes Investigator's
Association, March 13-14, 2006

Indiana Sheriffs' Association Annual Conference
July 28-31, 2006

Indiana Fraternal Order of Police Annual Conference
June 14-17, 2006

Over 30 investigators met on January 19, 2006, in the Indiana Government Center South. The purpose of the meeting was to continue the efforts of strengthening investigations and preventative education which commenced at the December 2, 2006 Integrity Summit.

One of the topics at the January 19 meeting was the protocol to be used in reporting crimes and ethics violations as they are received by the various state agency investigative units. It was discussed that due to past abuses which included management interference with investigations, that all such reports would be reported to the Office of the Inspector General (IG). The individual agency investigators could continue with their investigations, but this would relieve the investigators from requests to stop or hinder the investigations. The IG could also assist by providing subpoenas, statements under oaths, search warrants, and assistance in submitting criminal cases to the various Prosecuting Attorneys.


FSSA Chief of the Compliance Division also suggested that a master roster be compiled.

It was also collectively agreed that there was a desire for future meetings, summits and presentations by the different investigators.



MEMBER ROSTER

Those attending the January 19, 2006 meeting included:



Allcron, M.L.	OIG
Ankney, Ronda	DOI
Brown, David	FSSA
Brown, Garth	IGC
Carter, Rob	DNR-LED
Certo, Dave	BMV
Clark, Dave	OIG
Crispin, Cynthia	AG
Crow, Brian	USDA-OIG
Currey, Debra	FSSA
Devoy, Kim	FSSA
Gurnell, Harry	FSSA
Heath, Dave	ATC
Hoose, Michael	SBOA
Mathews, Zach	DNR-LED
McElroy, Alan	OIG
Mihalik, Carol	DOI
Mischler, Mike	OIG
Pope, Allen	AG
Reitenga, Douglas	USDA-OIG
Rihm, John	SBOA
Rowan, Kenny	IGC
Serbus, Patti	SBOA
Silverman, Joel	BMV
Thomas, David	OIG
Turner, Larry	ISP
Wilson, Tony	DNR-LED

FSSA ADVANCES IN TECHNOLOGY

FSSA Auditor Debra Currey explains how their newly acquired software, ACL, is helping them fight fraud in state government.

Audit Services at Family Social Services Administration (FSSA) has an enormous monitoring and auditing task for the approximate \$6 billion and 10,000 contracts that are administered through FSSA. Trying to determine a risk assessment and audit plan with adequate coverage for an agency this large that could be accomplished by an audit staff of 15 was an impossible task. As a solution, we have recently turned to an analytical software, ACL. This software is helping us determine the highest risk areas to audit in order to concentrate our efforts in those areas.

One of the ways we are using ACL is to look at the Top Ten of everything. From employee overtime to travel expenses to top vendors or recipients of specific services, we can quickly identify the high users and potential anomalies. Another example is summarizing payments or services going to the same address or to a PO Box. This could be an indicator of fraudulent activity. Recently in New York, a Medicaid fraud was found where a dental provider was performing over 900 dental procedures a day. This type of unusual activity can be easily identified using ACL with just a few clicks of the mouse.

In some of our current audits, we are choosing samples based partially on the Top Ten lists. This could be the Top Ten Recipients of service, the Top Ten Authorizers of services, or the Top Ten Providers of the service. This risk based approach is expected to identify more errors and potential frauds than our previous random sampling approach.

Another way we are using ACL is to compare data from various systems. Many of our data systems are isolated where one system never looks at the other system's data. However, there can be overlaps

in which several different systems could be processing and allowing multiple payments for the same service. With ACL we can link these huge data files and search for potential duplicates. In the past, there was no manageable way to match data from different systems.

Further, scripts can be written to allow continuous monitoring. We are developing a process to get monthly dumps of data from our various systems that will generate reports based on that data for monitoring purposes. Once we have tested the data we can easily convert the test to an on-going monitoring process.

While ACL provides us the information, analysis of the data, as well as audits and investigations, it will still be necessary to determine whether there was a reasonable explanation for an anomaly. It is our anticipation that the percentage of staff time spent on analyzing and investigating will dramatically increase, but the scope of our audits and investigations will be narrowed to the higher risk issues.

One of the new capabilities we have now is the ability to manipulate huge databases without having a size limitation. ACL has no limits on the size of the database. Prior to ACL we were working with a large database and had to divide it into numerous Excel spreadsheets because of its 65,000 row limitation. We then used extractions and pivot tables to make a new database with the data we wanted to review. This was a very time

TECHNOLOGY CONT'D

consuming and potentially error laden way of trying to analyze data within a large database.

Another capability is that ACL will allow us to take databases written in totally different programs and join them to look for duplicates. ACL can read databases written in Excel, Lotus, Access, Foxpro, Sequel, Rbase, text files, report files, print files and basically every other type of data file with the exception of pdf files.

Lastly we are no longer dependent upon others to obtain or analyze the data. Once we are getting our regular data dumps from all our data systems, our only limitation will be time and imagination.

Biggest Obstacle

The hardest part of getting started has been the retrieval of data and understanding the layout/fields of data. This is particularly difficult due to the enormous systems we are reviewing. One data source may literally be stored in hundreds of tables. Learning what data is in the various tables and getting a dump of the relevant tables has been the greatest obstacle. Also, because many of these data systems are managed by contractors, there can be fees associated with getting any type of specialized data dumps. Our wish list includes having a dedicated database administrator who could assist us with retrieving data.

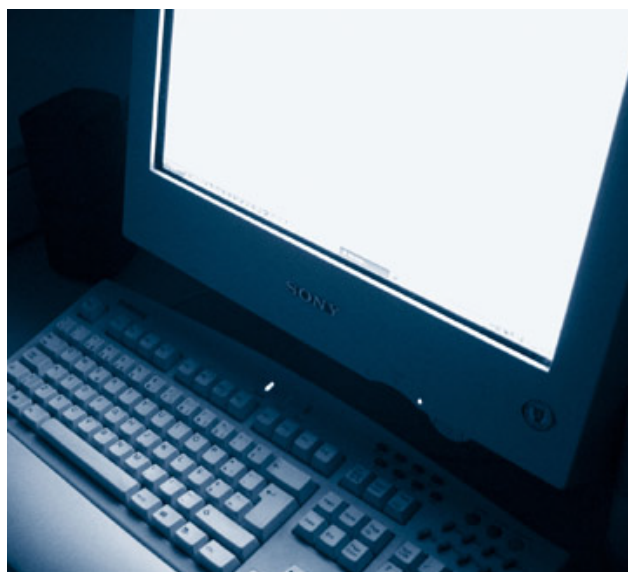
One Month of Results

In November 2005, we purchased 12 ACL licenses and a server license. In December we had an ACL Trainer come to our site to provide software training. We chose to train six auditors and supervisors from Audit Services, and a mix of other experts from other areas. Two were from Medicaid, which is our largest program, one from payroll/human resources, one from Budget, one from our Quality Assurance section for Food Stamps, TANF and Medicaid, and one from our investigation/compliance unit. By having users on the team who have different expertise for different programs, it has helped us greatly as we do some of our cross checking through various systems. A more advanced training class is planned for the spring.

In our first month of using ACL, we have developed five potential fraud cases which are currently being investigated. We have

identified over 300 other transactions of interest which we have prioritized and are reviewing. We have used it to determine samples in ten upcoming audits. Every week we are getting more data from different systems so we can do additional comparisons between systems and Top Ten Lists.

As is the case with almost all audit and investigation departments, we are trying to do more with reduced manpower. As a result, we knew we had to start auditing more effectively. By using ACL to identify anomalies and concentrating our auditors and investigators on those areas, we believe we can have a much larger impact on early detection of errors and fraud. Because we are still in the beginning stages of using ACL, we cannot boast of large recovery numbers or fraud cases, but they are anticipated.



OIG REPORT PROTOCOL FOR INVESTIGATIONS

Inspector General David O. Thomas reports to Governor Mitchell E. Daniels, Jr., as follows:

The Office of Inspector General (“OIG”) is a new agency within Indiana Government. In the first few months, and even before the passage of the OIG enabling statute, a protocol began to develop between the OIG and the various state agency investigators and auditors. The purpose of this report is to formalize this protocol.

Part of the duties of the OIG is to coordinate investigations on behalf of the Executive Branch of Indiana Government. Specifically, IC 4-2-7-2(b) states that “the Inspector General is responsible for addressing fraud, waste, abuse, and wrongdoing in state agencies.” IC 4-2-7-3 goes on to state that:

The inspector general shall do the following:

(1) Initiate, supervise, and coordinate investigations.

(2) Recommend policies and carry out other activities designed to deter, detect, and eradicate fraud, waste, abuse, mismanagement, and misconduct in state government.

(3) Receive complaints alleging the following:

(A) A violation of the code of ethics.

(B) Bribery (IC 35-44-1-1).

(C) Official misconduct (IC 35-44-1-2)

(D) Conflict of interest (IC 35-44-1-3).

(E) Profiteering from public service (IC 35-44-1-7).

(F) A violation of the executive branch lobbying rules.

(G) A violation of a statute or rule relating to the purchase of goods or services by a current or former employee, state officer, special state appointee, lobbyist, or person who has a business relationship with an agency.

Perhaps the most encompassing criminal statutory jurisdiction for the OIG is from the “official misconduct” criminal statute, listed above, which makes it a class D felony for a public servant to commit an act that he or she is prohibited by law from committing.

Even before the passage of Public Law 222 in May of 2005, a close relationship in the beginning months developed between the OIG and many of the internal investigators and auditors within the various state agencies. Three examples of this include the following.

First, in April of 2005, the Department of Natural Resources (“DNR”) reported the fact that someone was attempting to bribe a DNR employee. This was reported to the OIG whereby OIG special agents investigated the case, videotaped the bribe, obtained a confession from the private contractor and submitted the case to the Marion County Prosecuting Attorney who then filed criminal charges.

A second example involved the Indiana Department of Transportation (“INDOT”). Here, an internal INDOT investigator reported change-order abuse by INDOT employees. An investigation ensued, and it was determined that in the year 2004, \$68 million of additional state taxpayer money had been spent on 1,750 change-orders. The investigation also focused on an INDOT field office where various abuses were discovered through the change-order process.

A third example includes the multiple



PROTOCOL CONT'D

investigations developed with the Bureau of Investigation ("BOI") and the Audit Section within the Family and Social Services Administration ("FSSA"). These respective investigative and auditing arms of FSSA have brought several criminal cases to OIG for further investigation. Criminal charges have resulted this same year.

Based upon (A) the statutory charge to the OIG to coordinate investigations, (B) the developing relationships discussed above, and (C) further due to the need to establish an orderly coordination of investigations, the OIG accordingly makes the following recommendations:

1. All agency investigators and auditors shall report to the OIG all criminal and ethics matters that are to be investigated under the above statutory jurisdiction. Should an agency not have investigators or auditors, the agency leader may designate a representative to make these submissions.
2. The OIG will coordinate the investigation and elect whether to lead or remain in a supportive role to the investigation. The OIG will supply, where appropriate, its statutory authority to issue subpoenas, search warrants, and sworn statements.
3. If the OIG is not the lead investigating unit, the internal state agency investigators and auditors shall supply regular supplemental reports to the OIG on the progress of the qualifying investigation, upon a schedule selected by the OIG and communicated to the agency. However, in the case of a current state employee, current special state employee, or contractor doing or seeking business with the state, if significant and substantive wrongdoing is discovered at any time in an investigation, it will be the responsibility of the internal state agency investigators or auditors to immediately appraise the OIG in the manner established by the OIG. The OIG may choose to remain in support or assume the lead. Upon the conclusion of the investigation in which the OIG is not the lead unit, the OIG shall be involved in the submission of the case to the county prosecutors or Indiana State Ethics Commission, all as provided by Indiana statute.
4. It will be the responsibility of the affected agency to advise the OIG regarding development and implementation of corrective action plans designed to prevent reoccurrences of wrongdoing. The OIG should be given an opportunity to comment upon any such proposal prior to implementation.

The OIG respectfully submits that the above protocol be formally established, effective immediately.

Dated this 16th day of November, 2005.



David O. Thomas, Inspector General

Footnotes:

1 Public Law 222, passed in May of 2005, statutorily created the Office of Inspector General ("OIG"). The OIG had previously been established by Executive Order 2005-05 by Governor Daniels on January 10, 2005.

2 The OIG is also charged to report criminal activity to the Governor as well as the corresponding local Prosecuting Attorney and law enforcement agencies.

3 A public servant who:

(1) knowingly or intentionally performs an act that the public servant is forbidden by law to perform;

(2) performs an act the public servant is not authorized by law to perform, with intent to obtain any property for himself or herself;

(3) knowingly or intentionally solicits, accepts, or agrees to accept from an appointee or employee any property other than what the public servant is authorized by law to accept as a condition of continued employment;

(4) knowingly or intentionally acquires or divests himself or herself of a pecuniary interest in any property, transaction, or enterprise or aids another person to do so based on information obtained by virtue of the public servant's office that official action that has not been made public is contemplated;

(5) knowingly or intentionally fails to deliver public records and property in the public servant's custody to the public servant's successor in office when that successor qualifies; or

(6) knowingly or intentionally violates IC 36-6-4-17(b); commits official misconduct, a Class D felony.

4 See Inspector General Report 2005-03-0209.

5 See Inspector General Report 2005-01-0043.

6 See e.g.: Inspector General Report 2005-06-0303 (EBT fraud) and 2005-07-0353 (1st Steps fraud).